

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS**

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CLARIFICATION TO NOTICE OF FUNDING AVAILABILITY (NOFA)
CalHome Program
Notice of Funding Availability (NOFA)
General Funding

August 15, 2003

--Certain Activity Delivery Fees Now Eligible--
--Extension of Application Deadline to October 8, 2003--

This notice clarifies the NOFA issued by the California Department of Housing and Community Development (HCD) on July 16, 2003 for the CalHome Program.

Activity Delivery Fees: Pages 4 and 5 of the NOFA noted that because funds for this NOFA are being provided from the sale of General Obligation bonds: (1) no funds would be provided for homebuyer education expenses; and (2) the eligibility of using CalHome funds for an activity delivery fee was dependent on a forthcoming opinion from the Attorney General. **We are pleased to inform you that the Attorney General has rendered an opinion that general obligation bond proceeds used in the CalHome Program may not be used for a recipient's general administrative or operating costs, but they may be used for:**

- a. Self-help technical assistance costs to the extent the costs can be differentiated from the recipient's general administrative costs.**
- b. The direct expense of homebuyer education provided to individuals who also receive home purchase funds.**
- c. Loan processing activity delivery fees, pursuant to regulation Sections 7729(d) and 7733(f), for homebuyer mortgage assistance loans and owner-occupied rehabilitation loans, as reimbursement to the recipient for its activities directly associated with the making of the loan to a borrower. Fees are reimbursable only to the extent of actual costs incurred in making the individual loan not exceeding the amount normally charged in relation to similar loans by other lenders, and fees only may be paid for loans that have closed and been funded.**

d. **Owner-occupied rehabilitation activity delivery fees, pursuant to Section 7733(f), as reimbursement to the recipient for the actual costs of services rendered to the homeowner that are incidentally but directly related to the rehabilitation work (e.g., planning, engineering, construction management, including inspections and work write ups). However, the fees only may be paid for work actually completed and funded with a CalHome loan.**

Application Deadline: Pages 1 and 8 (under "Important Legal Matters") of the NOFA incorrectly stated that the regulations upon which the NOFA is based were adopted on July 15th. These regulations actually were adopted by HCD on August 15, 2003, and they are being submitted to the Office of Administrative Law (OAL) concurrently with the issuance of this Clarification. The regulations are still subject to review and approval by OAL. Although HCD does not anticipate any problems obtaining OAL approval, there may yet be minor modifications to the regulations in response to OAL's review. You will be advised of any last minute changes in response to the OAL review.

Because of the delayed filing of the regulations with OAL, the final application deadline is hereby extended to October 8, 2003. This extension will alter the anticipated award announcement date to December 5, 2003.

If you have any questions regarding these clarifications, or require assistance in completing your application, please contact CalHome program staff at (916) 327-2855.

We look forward to working with you on this program.

Sincerely,

William J. Pavão, Deputy Director
Division of Community Affairs